GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:596
ANSWERED ON:06.05.2005
TARGET FOR DISBURSEMENT OF LOAN
Pathak Shri Brajesh

Will the Minister of FINANCE be pleased to state:

(a) whether the Public Sector Banks have achieved their targets of loan distribution during the last three years as on date;

(b) if so, the details thereof; (

(c) if not, the reasons therefor; and

(d) the steps taken/proposed to be taken to achieve the target?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.596 FOR 6th MAY 2005 REGARDING TARGET FOR DISBURSEMENT OF LOAN 1 Tt TABLED BY SHRIBRAJESH PATHAK

(a) & (b): The Reserve Bank of India has prescribed a target of 40 per cent of net bank credit (NBC) for lending to the priority sector by domestic scheduled commercial banks, both in the public and private sector. Within this target, sub-targets of 18 per cent and 10 per cent of NBC have been stipulated for lending to agriculture and the weaker sections respectively. For the last three years, the banks in both public and private sector have achieved the target of lending 40% in priority sector. The details are given in the Annexure. However, the achievement in agriculture and weaker sections were marginally lower than the sub-targets. There are no targets for lending to non-priority sector by scheduled commercial banks,

(c) & (d) : The guidelines on lending to Priority Sector are being adhered by the scheduled commercial banks. Those banks, having a shortfall in lending to agriculture, are required to deposit a large portion of the shortfall into Rural Infrastructure Development Fund (RIDF) established by NABARD. As a disincentive for non-achievement of agricultural lending target, the rates of interest on the deposits in RIDF have been lowered and are charged in inverse proportion to the extent of shortfall in agricultural lending vis-a-vis the stipulated target of 18%.